



Carlos Jackson
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

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July 20, 2004

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE CHANGES TO THE ADMINISTRATIVE PLAN OF THE
HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
(ALL DISTRICTS)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Executive Director of the Housing Authority to reduce, effective September 1, 2004, the Section 8 payment standard from the current level of 110 percent of the fair market rent (FMR) to 100 percent of the FMR, which is required due to a reduction in funding from the U.S. Department of Housing and Urban Development (HUD).
2. Authorize the Executive Director, to implement changes to the Housing Authority's Section 8 Administrative Plan, effective September 1, 2004, to modify the methods of determining rent reasonableness and verifying full-time student status, as described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

On January 30, 2004 the Federal Fiscal Year 2004 Consolidated Appropriations Act was signed into law. The Act, which set the budgets for federal agencies, including HUD, reduced funding to the Housing Authority's Section 8 program by approximately \$15 million in Housing Assistance Payments and administrative costs for the 2003-2004 and 2004-2005 Fiscal Years combined. The recommended action is needed to help meet this reduction in funding.

HUD requires that all housing authorities must adopt a written Administrative Plan that establishes local policies for the administration of the Section 8 Program. In addition, any changes to the Administrative Plan must be approved by the Housing Authority's governing body.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The changes to the Administrative Plan will help the Housing Authority meet an approximate \$8 million reduction in funding from HUD for Fiscal Year 2004-2005.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On April 6, 2004 your Board approved the Housing Authority's current Administrative Plan. This plan encompasses the administration of the Section 8 program, including key areas such as maintenance of the waiting list, calculation and issuance of assistance, setting subsidy standards, inspection of assisted units, termination of assistance, handling of complaints, and the informal hearing process for resolving complaints.

In an effort to answer the reduction in Section 8 funding from HUD, the Housing Authority is proposing three changes to the administration of the Section 8 program, effective September 1, 2004. The Housing Authority's primary concerns in implementing these changes are to minimize the impact on Section 8 families and to avoid canceling existing vouchers and contracts. The goal is to preserve the favorable reputation of the County program with Section 8 landlords and to assist as many families as possible.

First, the Housing Authority is proposing to change the payment standard from 110 percent of the FMR, as determined by HUD, to 100 percent of the FMR. By reducing the payment standard, the Housing Authority's monthly subsidy on behalf of the tenant is decreased, while the rent to the landlords remains fixed. For tenants with contract rents higher than 100 percent of the FMR, there are three possible outcomes as a result of this change. The landlord could choose to accept a lower rent; the tenant could pay the difference in the monthly subsidy; or the landlord and tenant could agree on a new rent amount in which both parties share the cost of the reduced subsidy.

This change will apply immediately to tenants entering the Housing Authority's jurisdiction for the first time, and to tenants relocating within the Housing Authority's Section 8 program. Tenants remaining "in place" will receive notice during the annual recertification process that this change will be effective one year later. Therefore, it will take two years to fully implement the reduced payment standard among all Section 8 tenants.

Second, the method by which the Housing Authority determines that a rent is reasonable will change. Currently, to determine if the rent for a unit is reasonable, the Housing Authority uses an average of the three highest rents of comparable units within a census tract. The Housing Authority will now use an average of all rents of comparable units within a census tract. This will decrease the Housing Authority's monthly Housing Assistance Payments for new contracts and will result in lower authorized contract rent increases.

Third, only the first \$480 of income earned by family members who are 18 years of age or older and attending college or a vocational school full-time is included in an assisted family's total income. The Housing Authority currently verifies full-time student status by requiring that the family provide a copy of the school registration, or a written letter from the school verifying the student's enrollment. The Housing Authority will now also require that students provide a copy of their final grades to verify full-time student status.

The Housing Authority has scheduled several owner and tenant workshops to discuss the above changes to the Administrative Plan. The workshops will be held at various times and locations to accommodate the needs of both owners and tenants. Additionally, information regarding the recommended changes will be provided in the owner and tenant newsletters.

The Housing Authority will report back to your Board in 180 days on the effort to meet the reduction in funding from HUD.

At its meeting of June 23, 2004, the Housing Commission recommended approval of this action.

IMPACT ON CURRENT PROGRAMS:

The proposed changes to the Administrative Plan will allow for the efficient administration of the Section 8 program, in accordance with federal law and HUD requirements. Both tenants and landlords will share the financial impact of the proposed program changes, which are needed due to the reduction in funding from HUD.

Respectfully submitted,

CARLOS JACKSON
Executive Director